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# Message Text

CONFIDENTIAL

PAGE 01 STATE 052759

62
ORIGIN PRS-01

INFO OCT-01 CCO-00 SS-15 SSO-00 ISO-00 PM-03 MC-02 NEA-09

L-02 H-02 NSCE-00 NSC-05 EB-07 TRSE-00 COME-00

CIAE-00 INR-07 NSAE-00 DODE-00 INRE-00 /054 R

DRAFTED BY S/PRS: IPERNICK:MG
APPROVED BY S/PRS - ROBERT L. FUNSETH
PM - MR. VEST (PHONE)
PM/MC - MR. ROBINSON (PHONE)
NEA - MR. SOBER (DRAFT)
L/PM - MR. MICHEL (DRAFT)
H - AMB. MCCLOSKEY (DRAFT)
S/S - REWOODS
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O 082034Z MAR 75 ZFF4
FM SECSTATE WASHDC
TO USDEL ASWAN IMMEDIATE

C O N F I D E N T I A L STATE 052759

TOSEC 187

E.O. 11652: GDS
TAGS: EAID, MASS
SUBJECT: RELEASE OF INFORMATION ON TECHNICAL ASSISTANCE AGREEMENTS PROVIDING FOR UTILIZATION OF U.S. CONTRACTORS OVERSEAS

FOR AMBASSADOR ANDERSON FROM FUNSETH (S/PRS)

1. YOU WILL RECALL THAT ON FEBRUARY 19 DOD CONDUCTED A PRESS CONFERENCE AND ISSUED AN EXTENSIVE RELEASE PROVIDING INFORMATION ON TECHNICAL ASSISTANCE AND TRAINING TEAMS OVERSEAS UNDER DOD SPONSORSHIP THROUGH MILITARY SALES AND GRANT ASSISTANCE PROGRAMS. THE DOD BRIEFERS STATED THAT SIMILAR CONTRACTS ARRANGED DIRECTLY BETWEEN FOREIGN GOVERNMENTS AND U.S. CONTRACTORS WERE UNDER CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 052759

STATE'S CONTROL. SINCE THEN THERE HAS BEEN CONGRESSIONAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

AND PRESS INTEREST ON THESE CONTRACTS AND WE HAVE AGREED
TO PROVIDE INFORMATION CONCERNING THEM.

2. YOU WILL ALSO RECALL THAT THE 1954 MUTUAL SECURITY ACT
AUTHORIZED THE PRESIDENT TO CONTROL THE EXPORT AND IMPORT
OF ARMS, AMMUNITION AND IMPLEMENTS OF WAR, AND TECHNICAL
DATA RELATED THERETO. THE PRESIDENT HAS DELEGATED TO THE
SECRETARY OF STATE THE EXPORT CONTROL FUNCTION OF THIS ACT.
CONSEQUENTLY, TECHNICAL ASSISTANCE AGREEMENTS BETWEEN U.S.
FIRMS AND FOREIGN FIRMS OR FOREIGN GOVERNMENTS CANNOT
BE IMPLEMENTED WITHOUT STATE'S APPROVAL.

3. PM'S MUNITIONS CONTROL OFFICE (PM/MC) HAS NOW COM-
PLETED ITS COMPILATION OF A LIST OF APPROVED CURRENT
AGREEMENTS ON FILE ON THE PROVISION OF TRAINING AND
RELATED SERVICES BY U.S. FIRMS TO FOREIGN FIRMS AND
GOVERNMENTS. THE CHART PRECEDED BY A TWO-PAGE INTRO-
DUCTORY STATEMENT IS BROKEN DOWN BY COUNTRY (AND LICENSEES
WITHIN THE COUNTRY), U.S. CONTRACTOR, AND TASK. THE
CHART DOES NOT CONTAIN FINANCIAL TERMS, NUMBER OF
PERSONNEL INVOLVED IN EACH CONTRACT OR DURATION OF CON-
TRACT. FINANCIAL TERMS AND PERSONNEL NUMBERS ARE NOT,
UNDER THE MUNITIONS CONTROL REGULATIONS, CONDITIONS TO
THE APPROVAL OF THE AGREEMENTS. IN THE CASE OF D'FATION
OF CONTRACT, MANY CONTRACTS CONTAIN EXTENSION CLAUSES
WHICH CAN ONLY BE IMPLEMENTED WITH STATE'S APPROVAL.

4. ON PERSONNEL NUMBERS, HOWEVER, WE ARE PREPARED TO
STATE IN THE INTRODUCTION THAT "THE DEPARTMENT DOES,
THROUGH EXCHANGES WITH U.S. FIRMS, INFORMALLY KEEP
ABREAST OF THE NUMBER OF AMERICANS EMPLOYED ABROAD UNDER
THEM. CURRENTLY UNDER 800 PEOPLE ARE SO EMPLOYED; IN A
MAJORITY OF INSTANCES ONLY ONE TO THREE PERSONS ARE
INVOLVED. IRAN, WHERE LESS THAN 600 AMERICANS ARE EMPLOYED,
AND SAUDI ARABIA, WHERE APPROXIMATELY 100 ARE EMPLOYED,
ARE THE ONLY TWO COUNTRIES WHERE MORE THAN 50 AMERICANS
ARE EMPLOYED UNDER THESE CONTRACTS."

5. THE CHART WILL LIST 51 CONTRACTS WITH 22 COUNTRIES
AND TWO WITH NATO. THE COUNTRIES INVOLVED (WITH NUMBER
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PAGE 03 STATE 052759

OF CONTRACTS FOR EACH IN PARENTHESES) ARE AS FOLLOWS:
AUSTRALIA (4), BRAZIL (1), REP. OF CHINA (1), DENMARK
(1), FRG (4), GREECE (2), IRAN (8), ITALY (2), JAPAN (4),
KOREA (2), KUWAIT (1), LIBYA (1), MALAYSIA (1), MOROCCO
(1), NETHERLANDS (2), SAUDI ARABIA (1), SPAIN (3),
SWEDEN (1), UK (7), VENEZUELA (1)AND ISRAEL (3).

6. AMONG THE AGREEMENTS LISTED ARE THE FOLLOWING:

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

(A) RAYTHEON PROVIDING "TRAINING AND SERVICES IN SUPPORT OF HAWK PROGRAM" FOR SAUDI ARABIA;

(B) LOCKHEED PROVIDING "MAINTENANCE, SUPPLY SERV CES AND TRAINING IN SUPPORT OF C-130 AIRCRAFT" FOR LIBYA. (FYI: THESE C-130'S WERE SOLD TO LIBYA IN THE MID-1960'S. END FYI); AND

(C) HUGHES ASSISTING IRAN (IRAN ELECTRONICS INDUSTRIES) "IN ESTABLISHING ELECTRO-OPTICAL DEPOT FOR SUPPORT OF TOW AND MAVERICK MISSILES."

7. YOU SHOULD BE AWARE THAT OFFICIAL USG LISTING WILL TEND TO DRAW ATTENTION TO THE ISRAELI CONNECTION TO THREE U.S. FIRMS AND -OULD CREATE PRESSURE FOR BOYCOTT ACTION EVEN IF ARABS WERE OTHERWISE WILLING TO LOOK THE OTHER WAY. IT IS POSSIBLE THAT GENERAL ELECTRIC MIGHT BE BLACKLISTED UNDER ARAB BOYCOTT AS RESULT OF PUBLICATION OF OUR LIST SHOWING IT HAS CONTRACT WITH ISRAEL AIRCRAFT INDUSTRIES, LTD., FOR TECHNICAL SUPPORT OF AIRCRAFT ENGINE OVERHAUL (THIS IN CONNECTION WITH F-4'S). GE HAS EXPRESSED CONCERN ON THIS POINT BUT ACKNOWLEDGES THAT DEPARTMENT HAS NO GROUNDS UNDER FREE-DOM OF INFORMATION POLICY FOR OMITTING MENTION OF GE CONTRACT IN ITS RELEASE. ONE OF OTHER TWO FIRMS HAVING CONTRACTS WITH ISRAEL, GARRETT CORP. (ASSISTING IN MAINTENANCE OF AIRCRAFT COMPONENTS), EXPRESSED SIMILAR CONCERN TO US BUT ACKNOWLEDGED NECESSITY FOR DEPARTMENT TO PROCEED. THIRD FIRM, MCDONNELL-DOUGLAS, DID NOT EXPRESS CONCERN.

8. HOWEVER, BECAUSE OF PUBLIC COMMITMENT (PARA 1)
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PAGE 04 STATE 052759

WE NOW PROPOSE TO MAKE THESE RELEASES AVAILABLE TO THE PRESS NO LATER THAN WEDNESDAY, MARCH 12. ON THE SAME DAY AND PRIOR TO RELEASING THE MATERIAL TO THE PRESS,WE WILL SEND COPIES OF THE CHARTS TO THE SENATE FOREIGN RELATIONS , ARMED SERVICES, AND APPROPRIATIONS COMMITTEES AND TO THE HOUSE FOREIGN AFFAIRS, ARMED SERVICES, AND APPROPRIATIONS COMMITTEES. IN CONNECTION WITH THE RELEASE TO THE PRESS, WE PROPOSE TO HAVE AVAILABLE THE DIRECTOR OFPM/MC TO ANSWER QUESTIONS ON MATERIAL DIRECTLY RELATED TO THE RELEASE AND WITHIN HIS PURVIEW.

9. BECAUSE OF POTENTIAL PROBLEM MENTIONED IN PARA 7, SUGGEST YOU MAY WISH TO DISCUSS PROPOSED COURSE OF ACTION WITH SISCO AND ATHERTON.

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# Message Attributes

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EO Systematic Review
05 JUL 2006

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**TAGS:** EAID, MASS, US, XX
**To:** ASWAN
**Type:** TE
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

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